

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

August 26, 2004

PUBLIC SESSION

A monthly meeting of the Board of Directors of the Small Business Loan Fund Corporation was held in public session at the offices of the Rhode Island Economic Development Corporation, One West Exchange Street, Providence, Rhode Island on August 26, 2004 at approximately 9:30 AM.

Present were Board Members: Raymond Fogarty (Chair), Ed Rendine, Richard DeMerchant and Maurice Paradis. Also present were: Earl Queenan, Anthony Scolavino, Philomena Teixeira, and Ann Fine, staff, along with Tom Moses, SBLFC Counsel from Moses Afonso Jackvony LTD.

Mr. Fogarty called the meeting to order at 9:35 AM.

Adoption of Minutes:

The first item to come before the Board was consideration for adoption of the minutes from the Board meetings held June 24, 2004. Mr. Paradis made a motion to approve the minutes and Mr. Rendine seconded, which passed unanimously.

Executive Minutes:

The second item to come before the Board was the consideration of maintaining the Executive Session portion of the June 24, 2004 meeting as confidential. Mr. Paradis made a motion and Mr. DeMerchant seconded, which passed unanimously.

Cash Position / Portfolio Activity

There was no discussion on the report.

Mr. Scolavino and Mrs. Teixeira updated the Board on the response from EDA regarding SBLFC's appeal on the overcapitalization issue as of the 6/30/02 single audit report. SBLFC's plan is to involve Mr. Sandy Blitz, requesting an appeal and extension until September 30, 2005 to bring the three awards into compliance.

Mr. Rendine requested an update on the YMCA Brownsfield project which was given by Mr. Scolavino.

Delinquency Review

Mr. Scolavino gave the Board an update on the following delinquent borrowers: Clintonburg, LLC, Verdant Technologies, Inc. and Merrill Clark. He informed the Board that Beaver River was in receivership and would be on the list for September.

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EXECUTIVE SESSION

Mr. Paradis made a motion to move the next portion of the meeting into Executive Session pursuant to the Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of RI 1956 (1988 Reenactment), as amended. Mr. DeMerchant seconded, which passed unanimously.

Upon a motion made by Mr. Parsons and seconded by Mr. Paradis, the Board unanimously voted to return to Public Session at 11:25 AM.

PUBLIC SESSION (Cont.)

Executive Session Vote Ratification:

The next item to come before the Board was the ratification of voting held during the Executive Session. The following votes that were ratified were:

- **Pequot Industries LLC and NE Environmental Services, Inc. – Loan request approved.**
- **P&C Quality Turned Components, Inc. - Loan request approved.**
- **S&A Paramount - Loan Extension Request Approved.**

Mr. DeMerchant made a motion to ratify the vote and Mr. Paradis seconded the motion, which passed unanimously.

Upon a motion made by Mr. Paradis and seconded by Mr. DeMerchant, the Board unanimously voted to adjourn at 11:40 AM

Respectfully submitted,

Earl F. Queenan, Jr.

Director of Accounting & Finance